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THE RECURSIVE INTERPLAY OF CAPABILITIES AND CONSTRAINTS AMONGST MICROFINANCE ENTREPRENEURS

Purpose

The purpose of this paper is to investigate, through practices and capabilities, how entrepreneurs use microfinance in a context of serious constraints.

Design/methodology/approach

The chosen methodology for this paper is longitudinal. A three-and-a-half-year study was conducted to be able to capture the entrepreneurial journeys of ten entrepreneurs at a micro-level in the developing economy of Ghana. This was augmented by a further 15 interviews with entrepreneurs and loan officers. This data is used to develop a theoretical model of entrepreneurial practices in this context.

Findings

The paper identifies two distinct pathways for understanding the recursive nature of entrepreneurial practices. It highlights how entrepreneurs generate capabilities through microfinance resources through convergent or divergent venturing in response to the serious constraints they face. This is identified as a generative recursive mechanism for the process, representing the ‘chain of actions’ and how entrepreneurs engage with their ‘settings’ and ‘intended relations’ in practice.

Research limitations/implications

The research is limited by its focus on one nation in Sub-Saharan Africa and therefore how the findings may be transferred to other contexts.

Originality/value

The paper contributes to a practice approach in entrepreneurship by identifying how mechanisms of practice relate to entrepreneurial action in this context. It also provides an important contribution to discussion at the intersection of entrepreneurship and the capabilities approach by using Amartya Sen’s concepts of process and opportunity freedom to understand practices.

Keywords: opportunity; developing countries; recursive practice.

Paper Type: Research paper

Introduction

Understanding entrepreneurship rests on two fundamental premises: (1) individual actions are instrumental for what transpire over time as entrepreneurial journeys (McMullen and Dimov, 2013); (2) such actions take place in social contexts that can implicitly shape the entrepreneurs' perceptions, aspirations, and possibilities (Welter, 2011; Baker and Welter, 2018). In representing the interplay between individual and context, a theoretically minded observer typically adopts one or the other as a basic viewpoint, thus rendering the social through the prism of individual minds (e.g. Packard, 2017) or subsuming the individual under the guise of society (e.g. Baumol, 1990). Such approaches give rise to the familiar micro and macro perspectives as archetypal social theories for understanding entrepreneurial behaviour.

In developing economies, entrepreneurs experience fundamental obstacles to what they can achieve and are therefore typically viewed as operating under seriously constrained contextual conditions (Baker, Gedajlovic, and Lubatkin, 2005; Bruton, Ahlstrom, and Obloj, 2008). In these settings, microfinance has been seen as instrumental in funding start-up activity and market participation, which can in turn contribute positively to business development (Bradley, McMullen, Artz, and Simiyu, 2011; McMullen, 2011; Newman, Schwarz and Borgia, 2014), improved capabilities and well-being (You and Annim, 2014). Thus, the space where traditional and impoverished ways of life are pitted against an external lending logic that invites individual initiative offers an opportunity to demonstrate the merits of a different social theory.

In the light of the literature on entrepreneurship in developing countries (Muñoz and Kimmitt 2018), prior work overlooks the complex, processual nature of entrepreneurship in such contexts; it is neither instantaneous nor linear (Bradshaw, 2007). Indeed, as Sen's pioneering capabilities approach places its focus on individual freedom as a central ingredient

for the achievement of valued goals, the distinction between ‘opportunity’ and ‘process freedom’ are central to this theory (1999; 2005). Thus, while scholars have positioned entrepreneurship as a vehicle for enhanced capabilities (Bruton et al., 2011; Gries and Naudé, 2011) and have drawn links between microcredit and individual capability outcomes of entrepreneurs (Chliova et al., 2015; Kimmitt et al., 2016), this overlooks the latter type of freedom as traversed in a particular social context. As a result, although microfinance seems to elicit opportunity (i.e. more options for the entrepreneur to invest in), we know very little about what does or does not force an entrepreneur down a particular path – the ‘process’ aspect of freedom. In this paper, we focus on this in granular detail and ask: how do process and opportunity freedoms explain capability development of microfinance entrepreneurs? In doing so, we propose a socially embedded, cumulative and cyclical approach to understanding the practices of entrepreneurship in a developing economy setting.

Building on our opening remarks, the key to our approach is the adoption of a practice theory lens. This is a type of ‘cultural’ social theory that focuses on the social as arising from symbolic interaction and shared knowledge, situated in between the individual interests of ‘homo economicus’ and the normative consensus of ‘homo sociologicus’ (Reckwitz, 2002). As such, practice theory offers a flat ontology of the social, collapsing the distinction between micro and macro and presenting it instead as a variegated and evolving mesh of orders and practices (Schatzki, 2003). Most importantly for our purpose, such a perspective preserves the primacy of the action by an individual agent but offers an expanded set of conceptual tools to theorize about the social context and thus transcend individualism as frame of reference.

To provide the appropriate longitudinal setting necessary for addressing this question, our empirical study focuses on 10 entrepreneurs enrolled in microfinance programmes in Ghana. We followed their business development by revisiting them at 4 different points in time over a 3-and-a-half-year period to get close to the key events along the way. Through our

analysis, we introduce the idea of entrepreneurial behaviour as a recursive practice of capability development, resting on practically intelligible knowledge of surrounding constraints (unfreedoms), principles for dealing with the microfinance provider, and a guiding sense for their entrepreneurial endeavour. We highlight two pathways of entrepreneurial practice – convergent and divergent venturing – reflecting different alignments of process and opportunity freedom and arising from the recursive nature of capability development.

Our work makes three main contributions to the literature on entrepreneurship, microfinance and development. First, by adopting a practice theory lens for understanding the social nature of entrepreneurial action, we gain access to theoretical mechanisms that enable us to articulate the recursive nature of entrepreneurial behaviour. Our findings highlight that convergent and divergent venturing represent different practices for capability development, setting chains of actions that can spiral out into numerous venture directions (divergent) or into more concrete directions (convergent) whilst expanding capabilities. This logic of explanation – fitting in between the cursory generalities of nomothetic (i.e. scientific laws) explanations and the overwhelming details of idiographic explanations – represents a powerful tool for understanding the sources of the complexity of entrepreneurial behaviour.

Second, prior research has identified that the entrepreneurial behaviour in developing economies, particularly Sub-Saharan Africa, differs markedly to their developed economy counterparts (Bruton et al., 2013). However, current explanations in entrepreneurship research tend to be piecemeal in nature, drawing from theories of development that offer explanations of individual factors, political-economic structures, cultural institutions and geographic disparities. Our practice theory lens helps develop the idea that entrepreneurship in such contexts should be understood theoretically in its cumulative and cyclical sense (Bradshaw, 2007). The predominantly individualistic focus of current entrepreneurship research makes theorising about process in such contexts problematic (Tasavori et al., 2015). Our study

provides a novel way of theorising about the entrepreneurial process that emphasises how a complex array of factors reinforce one another over time to produce various capability related outcomes. More broadly, our practice theoretical foundation enables a richer array of concepts to understand entrepreneurial action, locating its meaning in the way of life in which it takes place.

Third, it advances the capabilities approach in entrepreneurship by offering a more granular understanding that helps capture the endogenous role that capability development plays as an entrepreneurial practice. While prior work readily equates capabilities and microfinance with almost any positive social outcome (Chliova et al., 2015; Kimmitt and Munoz, 2017) or start-up activity (Naudé et al., 2008), we show that different experiences of process and opportunity freedom ought to be viewed as a central impetus into the entrepreneurial journey. Our work highlights recursive action as a different explanatory logic for the unfolding of the entrepreneurial journey and the actions that underpin it (Selden and Fletcher, 2015). It emphasises the simple freedom-oriented rules that entrepreneurs use to improve their capabilities through microfinance. Rather than seeing the passing of time as something that corrodes a deterministic relationship between inputs and outputs, we portray it as something that signifies the iteration of entrepreneurial action, thereby rendering the entrepreneurial process open ended (Steyaert, 2007). In this regard, our work makes an empirical contribution through our longitudinal approach which captures the evolving and open-ended nature of the entrepreneurial journey.

Theoretical Background

A Social Ontology of Practices in Sub-Saharan Africa

Placing entrepreneurs operating in Silicon Valley and Ghana side by side makes it abundantly clear not only that they operate in different social contexts but also that these social contexts

shape the nature of entrepreneurial activity that takes place within them. Thus, any discussion of entrepreneurship rests in a conception of social reality. Such a conception – a social ontology or social theory – is as much philosophical as theoretical: it provides general formulations about social life as the realm of human coexistence that are defended intuitively and argumentatively (Schatzki, 1988). Reckwitz (2002) outlines three broad types of social theory based on the basic unit or site of the social in its relation to human action. In the first, methodological individualism, the social is simply the combination of the individual interests, intentions, and purposes of ‘homo economicus’ agents. The second explains action in terms of collective norms and values: ‘homo sociologicus’ agents operate under normative consensus. The third, which Reckwitz broadly labels ‘cultural theories’, lies in between the individual and the collective and emphasizes symbolic interaction and shared knowledge. These three types of social theory represent alternative descriptions of social reality, i.e. different ways to conceptualize human coexistence. As such, each lays a foundation of basic theoretical categories from which more specific theories can be developed.

We adopt a social ontology of practices, from within the broader array of cultural theories (Reckwitz, 2002) and, more specifically, the perspective developed by Schatzki in two major works (Schatzki, 1996; 2002). We see in its concepts and language a suitable foundation for our focus on the actions of entrepreneurs: it retains individual agency as a driver of change, while acknowledging that not all features of social affairs can be reduced to individuals. The core thesis of this perspective is that the site of human coexistence is a variegated and constantly evolving mesh of orders and practices. Orders refer to arrangement of things – people, artifacts, organisms, and things – that determine relative positions not only in terms of space, but also in terms of meaning (what something is) and / or identity (who it is) (Schatzki, 2002). Practices refer to organized human activities, “temporally unfolding and spatially dispersed nexus of doings and sayings” (Schatzki, 1996: 89). Thus, orders exist and evolve in

a context of practices, and practices exist and evolve in a context of orders. The mesh is held together by sinews that connect practices and orders with each other.

Social life transpires through practices. What makes the nexus of doings and sayings constitutive of practices are four mechanisms: (1) practical understandings of what to say and what to do (intelligibility), (2) explicit logics, rules, principles, precepts, and instructions, and (3) ‘teleoaffective’ structures such as ends, projects, beliefs, emotions, etc, and (4) general understanding of how the world makes sense. This conception of practice enables us to see in the doings and sayings of an entrepreneur the performance of a practice, which in turn sustains the practice as a nexus of doings and sayings.

Importantly for our theoretical purpose, this perspective enables us to conceptualize different mechanisms for how the life of the entrepreneur hangs together or interrelates with other human lives. Other people are important stakeholders in any entrepreneurial endeavor, whether as customers, suppliers, supporters, or employees. One mechanism relates to the interpersonal structuring of mentality and practical intelligibility, as when the same understanding or goals are expressed in the actions of different people. Another mechanism is intentional relations, whereby the actions or situation of one person are objects of another person’s actions. Thirdly, lives hang together through settings. This includes different people finding themselves in the same setting – such as when entrepreneurs use the same microfinance lender. Finally, lives hang together through chains of actions, whereby each action is performed in response to previous actions. The actions that constitute the entrepreneur’s journey evolve in response to the actions and reactions of others. This conception of the social provides us with a richer array of concepts and theoretical mechanisms that we can connect to the actions of individual entrepreneurs in order to understand the unfolding of their journeys over time towards capability development.

Thus, we are now able to turn the focus to the individual entrepreneurs. In the context of Sub-Saharan Africa, an increasing volume of research has sought to understand the concepts and theoretical mechanisms at the interplay of action and the entrepreneurial journey in developing economy contexts. However, numerous competing ideas exist as to the nature of entrepreneurship in developing countries (Kimmitt et al., 2019; Muñoz and Kimmitt, 2018). From an individual perspective, entrepreneurial success (or failure) is presumed to occur because of the presence or absence of individual qualities or abilities (Alvarez and Barney, 2014). Alternative views look towards cultural beliefs to explain behaviour (Amine and Staub, 2009) whilst an extensive literature has looked for explanations using institutional theory (Sautet, 2013). Importantly, however, entrepreneurship in such contexts (and elsewhere) can also be explained through its cumulative and cyclical nature. Prior research offers some insights into this (e.g. DeBerry-Spence and Elliot, 2012), however, we currently have a very limited understanding from this cumulative and cyclical perspective, which, in particular, lends itself to the practice-driven understanding of the phenomenon previously discussed.

In our approach, we understand entrepreneurship as a complex interaction of factors across individuals, contexts and time through our social ontology of practices, bringing the constraining forces of developing economy contexts to the fore (Bradshaw, 2007). It emphasises how problems or progress are cumulative and explained by the linkage between events that mark the ‘spirals’ of the process. The power of such holistic approach lies in its ability to understand that these linkages are difficult to break, typically reinforced over time and inherently complex. In order to understand how these feed into the worldview of individual action, we draw from the theoretical framing of Sen (1999) on individual capabilities.

The capabilities approach has recently been viewed as an important framework for understanding entrepreneurship in developing economies. Originally pioneered by Amartya Sen (1999), the capabilities approach suggests that a person's ability (i.e. capabilities) to achieve what they value (i.e. their purpose) is determined by their substantive freedom to do so (Nussbaum, 2000; Robeyns, 2005). The capabilities approach is an opportunity-based theory which focuses on the relative choices that individuals have (or do not have) at their disposal (Robeyns, 2005). The approach centres on the different achievements in human endeavours but also the relevant freedoms and choices that may or may not make this possible. Understanding a person's capabilities involves recognising their substantive freedoms and the choices that an individual has.

The focus on freedom as a central driver in the process was originally emphasised referring to two persons who were under-nourished; the first person is on hunger strike but the second is victim of a famine (Sen, 1987). Whilst an extreme (and perhaps simplistic) example, it highlights the important distinction that exists between opportunity and process aspects of freedom. In the former, the individual exercises a degree of agency although presumably in protest against some other issue. In the latter, the individual is forced to be in that condition as a result of war, drought, climate change and so forth. Although the outcome condition may be the same (starvation), we see how process freedom is present in one example but not the other. The capabilities approach deals with the potential opportunities for an individual to choose a certain course of action and whether there was autonomous choice along this path (Sen, 1993; 1999).

However, the use of the capabilities approach within the entrepreneurship literature to date has been particularly problematic. Theoretically, the capabilities approach places a strong

emphasis on opportunity and process freedom – yet extant research focuses almost exclusively on capability related outcomes. Such an approach does not provide a sufficiently focused account of the role that freedoms may have in entrepreneurship (Kimmitt et al., 2019). For example, Chliova et al. (2015) use capabilities almost interchangeably with any positive or economic outcomes for entrepreneurs. Kimmitt et al. (2016) view it as being moderated by the institutional context where a constellation of factors also produces entrepreneurial outcomes (Kimmitt and Munoz, 2017). Gries and Naudé (2011) propose that the act of entrepreneurship is in itself a capability enhancing activity. What is consistent across the application of Sen's theory in entrepreneurship is that capabilities have become often synonymous with positive well-being outcomes, ignoring the important distinction between opportunity and process freedoms. In this respect, entrepreneurs in developing economies are likely to experience a mixture of opportunity freedoms (e.g. a menu potential options and directions to choose from such as diversification, relocation and innovation) and process freedoms (e.g. supportive environments, networks, abilities, know-how). The combination or absence of these freedoms are likely critical to understanding the practices entrepreneurs enact in such context.

Thus, current applications of the capabilities approach at the level of the individual entrepreneur lack requisite precision because they do not provide an account of the obstacles that force entrepreneurs into action in contexts of prevailing constraints (i.e. the process aspect of freedom). Therefore, they miss an essential part of how the entrepreneurial journey unfolds in a prospective sense and obscure the momentary decision-making of the entrepreneurial task (Dimov, 2011). Similarly problematic is how the literature discusses the relationship between entrepreneurship and freedom where it is seen almost exclusively in terms of its relationship with start-up activity (McMullen, Bagby, and Palich, 2008; Wilson and Martin, 2015) rather than as part of an open ended journey (McMullen and Dimov, 2013). Indeed, the literature appears to underplay how entrepreneurs progress their ventures to engender greater freedoms.

Developing economies, particularly Sub-Saharan Africa, have been seen largely as a constraining context for entrepreneurs; inhibiting individual abilities to perceive potentially lucrative opportunities and successfully exploit them (Amine and Staub, 2009; McMullen, 2011). The presence of these constraints would seem to have profound effects for understanding how entrepreneurship and capabilities relate. In one sense, constraints clearly represent a type of ‘unfreedom’ (Sen 1999) – something which inhibits or perhaps even violates the process freedom of entrepreneurship. However, this perspective also suggests that “people are viewed to be active, creative and able to act on behalf of their aspirations” (Alkire, 2005 p.3). This means that constraints and types of ‘unfreedom’ as outlined by Sen can actually act as inputs into the entrepreneurial journey – provoking entrepreneurs to take particular paths of action depending on the constraints they experience. The practice perspective outlined in the previous section enables us to see the constraints as various ways in which the entrepreneurs’ actions interrelate with other people. This creates an opening for theoretical development.

To enable freedoms within developing economies, microfinance has emerged as a solution to such constraints by providing financial support to entrepreneurs through loans (Kimmitt and Muñoz, 2017; Yunus, 1999). Sen (1999) describes such access to an economic facility as an instrumental freedom that substantially improves a person’s overall capabilities. Thus, microfinance is viewed as a method of enabling opportunity freedoms (i.e. giving more investment options to entrepreneurs from such as diversification, relocation and innovation). Overall, the logic behind microfinance rests on its proposed ability to facilitate market participation by entrepreneurs searching to improve their capabilities (Chliva et al., 2015; McMullen, 2011). It is notable, therefore, how prior research has considered these entrepreneurs to purposefully pursue opportunities amidst the constraining features of their context. However, this work overlooks the endogenous role of freedom in the unfolding of the

entrepreneurial journey, particularly process freedom, thereby posing questions about how capabilities are facilitated within it.

In summary, we have highlighted the need to understand entrepreneurship as more holistic, cumulative, and circular, resting on causation that is by its very nature complex, contextual and temporal (Bradshaw, 2007). We have pried open the black box of context through the adoption of a social ontology of practices, whereby the actions of entrepreneurship take their meaning through the mesh of orders and practices of which they are part. These orders and practices become particularly implicated in the severity of contextual constraints that entrepreneurs face in Sub-Saharan Africa. This then enables us to portray entrepreneurs' actions as manifestations of practices of capability development, in which they entwine their practical knowledge, relationships with the microfinance providers, and business aspirations. It prompts us to ask: how do process and opportunity freedoms explain capability development of microfinance entrepreneurs?

Methodology

To understand the interrelationship of microfinance, capabilities and entrepreneurship, it is essential to capture the chain and symbolic underpinning of entrepreneurs' actions as they comprise an unfolding journey (McMullen and Dimov, 2013). Within the aforementioned social ontology of practices, our research design takes a longitudinal, process orientation which is able to capture practices through 'reality in flight' (Pettigrew, 1997). Given our interest in capturing the opportunity and process freedom of entrepreneurs, we need to focus on the momentary problems or tasks facing the entrepreneurs to understand what is relevant to them and informs or fuels their practices. Consistent observation of the numerous problems and tasks that an entrepreneur faces can provide an understanding of the generative structure of entrepreneurial practices (Dimov, 2016).

Our research focuses on a set of entrepreneurs who were on the verge of receiving microfinance. In this sense, following the investment decision, we can observe the enactment of entrepreneurial practices over time, while remaining cognizant towards past events (Pettigrew, 1990). The past shapes the future but in reality researchers can only be present for particular windows in an emerging process so they must take into account the important preceding events which guide the present (Pettigrew, 2012). However, the prospective aspect of this research is the main focus here given the need to understand evolving purposeful actions and problems. As such, we employ a qualitative, dynamic approach that draws from numerous in-depth interviews of entrepreneurs over time. This allows us to gain theoretically meaningful insights into the emerging microfinance phenomena (Locke, 2007).

Sample and data collection

We focused the study in the West African country of Ghana. In Ghana, the bulk of economic activity stems from the three major urban centres of Accra, Kumasi and Cape Coast. The specific focus of the study was a town located in Ghana's Central Region, roughly one hour outside of Accra which has been described as the "fastest growing town in West Africa". It is known in Ghana for its never-ending traffic jams but also lauded for its diversity in local tribes and religions. Almost all Ghanaian tribes (Ga, Fanti, Ewé, Ashanti, Guan) can be found there, speaking a number of different languages as well as English. It is a largely Christian country with a large and growing Islamic population; churches and mosques reside side-by-side there. To answer our research question, this setting of microfinance within a developing country context was appropriate to understand the role of opportunity and process freedoms.

Qualitative data were collected through semi-structured interviews with 10 entrepreneurs enrolled in microfinance programmes in Ghana. The interviews with each entrepreneur took place at four points in time over a period of three and a half years. The first

interviews were held in February 2012, the second in September 2012, the third in May 2013 and the final in June 2015 (40 initial interviews in total). The interviews typically lasted between 1 and 2 hours and were recorded and transcribed following each visit. This approach works best with no more than 10 participants in which change episodes with relation to particular projects can be observed (Pettigrew, 1990). We outline the profiles of the entrepreneurs in Table 1.

Insert Table 1 here

We selected entrepreneurs based on a purposive sampling strategy (Eisenhardt, 1989) where sufficient balance of homogeneity and heterogeneity enabled more robust theory development (Rihoux and Ragin, 2008; Eisenhardt and Graebner, 2007). To achieve this and to align with our research question, we adopted two approaches (1) selecting entrepreneurs with relatively similar loan amounts as an indicator of the presence of opportunity freedom that microfinance elicits and (2) discussing with their loan officers about the projects they were engaged in and the constraints faced. We collected data from the entrepreneur's file (with the participant's permission), held by the microfinance institution, allowing us to formulate our sample but also mitigate a common social desirability bias that can be associated with studies in such contexts (Frese, 2000).

In our first interviews, we took a detailed personal and business history from the entrepreneur and asked them to consider their business ideas in terms of what they had in mind for the future. The subsequent interviews gradually became more idiosyncratic based on their subsequent set of practices in further conversation but principally focused on emergence of new ideas, actions taken, and relationships developed (Dimov, 2011). To further triangulate and confirm our emerging findings, we conducted another round of interviews with 10 new entrepreneurs as well as 5 interviews with loan officers (55 interviews in total). Further data

were also collected from the financial institution to help develop the emerging themes in the research. The data were collected and transcribed by one of the researchers who spent a total of four months in the offices of the (microfinance institution) MFI over the period of the four waves of data collection.

Analysis

Preliminary analysis. Having collected our first round of data, we conducted some preliminary analysis and discussed general themes which could be built upon in the second round of interviews allowing us to move between the theory and data. In the first instance, our aim was to capture narratives from the interviews by going through transcripts line-by-line and reconstructing the story of each entrepreneur, allowing for initial sensemaking of the data (Langley, 1999; Pentland, 1999). Secondly, data were ordered by taking the narratives alongside the transcripts to construct event listings. In the listings, each event is tied to a particular time of occurrence and the supporting quote is placed alongside the event (Miles and Huberman, 1994). Table 2 provides the event listings from across the sample.

Insert Table 2 here

Creating the visual maps. Thirdly, once we had our event listings for the ten participants, we used a visual mapping strategy to plot each event along a timeline (Langley, 1999). These flow charts allow for the presentation of large amounts of data making it easier for the research to inspect what may be the key stages and themes in the process (Miles and Huberman, 1994). Our second and third wave of interviews involved the presentation of the entrepreneur's timeline and a broader discussion about certain events and practices which also allowed us to stitch together any missing pieces and also improve the internal validity of our interpretations; a technique used in similar types of research (Jiang & Tornikoski, 2019). This

map became a type of mid-range theory and analytical tool from which we could conduct analysis that is more systematic.

Whilst we captured multiple events across the interviewees, this systematic analysis led us to focus on ‘critical’ events – those instances which are salient, important or essential, require unusual attention from which inferences about the person performing the act can be made (Flanagan, 1954; Morgeson, Mitchell and Liu, 2015). This led us to think about the process in less descriptive and more theoretical terms which required a coding process (Saldana, 2009). From the first cycle of coding, we began to identify commonalities across how entrepreneurs respond to and experience particular events, leading us to cycle back and forth between our event listings and theory (Yin, 1984).

Abductive coding. We follow Schatzki’s (1996) notion of understanding practices by looking for (1) understandings: knowledge of what to say and do (i.e. tacit cultural templates for understanding and action) (2) logics: procedures, explicit rules, principles, precepts, and (3) engagements: ends and purposes which are ‘teleoaffective’ structures, i.e. projects or goals that are emotionally charged, in the sense that people are attached or committed to them. Subsequently, the research started to become more ‘abductive’ as we returned to the literature on capabilities, microfinance and entrepreneurship to finalise the theoretical labels used for explanation (Gioia, Corley, and Hamilton, 2012).

Thus, following the above structure, we observed how *understandings* reflected how entrepreneur’s respond to constraints they face, *logics* pertain to the rules and principles associated with accessing microfinance and *engagements* referred to the ultimate end purpose of the entrepreneur’s endeavour. Procedurally, this analysis of the data involved using two coders together, whereby the interpretation is collaborative (Madill et al. 2000). Whilst one author was tasked with most of the coding work, the finalizing of the codes was a collective

endeavor. This meant that any disagreements were resolved by returning to the literature and Schatzki's (1996) work in order to be resolved (Gioia et al. 2013).

This is used to structure our findings, with detailed examples of practices found in Table 3 and their longitudinal threads further demonstrated in the appendices. Through our analysis, we observed a bifurcation according to entrepreneurial practices in response to opportunity and process freedom (or lack thereof). In our exposition of the findings, we draw from two entrepreneurial vignettes so as not to lose a sense of the process story (Pentland, 1999), labelling this bifurcation of practices as *divergent* and *convergent venturing*. We elaborate on this drawing from additional cases in the subsequent section and develop a theoretical model using our abductive analysis.

Insert Table 3 here

Results

How do opportunity and process freedoms explain capability development of microfinance entrepreneurs? Our analysis reveals two core mechanisms at the heart of the process. First, capabilities are expanded through recursive action. The idea of recursive action emphasises the connections between critical events in the entrepreneurial journey and how the output from one event becomes the input into the next. In this sense, the journey encompasses a chain of actions. Second, successive actions by entrepreneurs share underpinnings in the form of understandings, logics, and engagements. These enable us to view the successive actions as the enactment of distinct entrepreneurial practices. This idea sheds light on how entrepreneurs act in circumstances where they are looking to expand freedoms. The two pathways we identify – labelled divergent and convergent venturing - indicate distinct practices of operating in

contexts with serious constraints but access to instrumental freedoms. In the section below, we present two journey vignettes to highlight these distinctive pathways.

Divergent Venturing Vignette: Downtown Bar and Restaurant

The owner of *Downtown* started her business when she was looking to get away from the tiresome hawking activity that had made up a large part of her adult life. Based on the periphery of the town, she had used her previous loans in a relatively conventional manner – for working capital purposes and small investments in the aesthetics of her bar. But she subsequently began to consider alternatives:

I need a small Kia truck vehicle to bring my drinks from the warehouse. I want easy access of transporting it from the warehouse or the depot. You know the depot where you can buy things in bulk and then sell in my shop. For convenience sake, to cut transportation costs.

Aside that I want to use it [the truck] on a commercial basis because I need to convince [the MFI] that this will help me to repay my loan. So I have to use it for a commercial basis not just for my personal use. So I will hire it to other businessmen and women who are interested in transporting the same products from A to B. (*Downtown*, Wave 1)

What is relevant from a capabilities perspective here is what is driving the course of the action taken. The experience of constraints (lack of access to markets) is naturally intertwined with what the entrepreneur finds natural to do in that moment with this improvement indicating an expansion of their capabilities. This represents a practical understanding that we label as *appending* – the diversion into new venture initiatives when faced with constraints, appending them to prior efforts. But this should be seen in conjunction with the evaluative role that access to microfinance plays; it is used to facilitate the generation of new ideas in order to sustain continued access to loans. The specific rules and principles attached to accessing microfinance suggest a procedure (logic) that we label *capitalising* – the taking advantage of a momentary opportunity with financial resources at their disposal.

Furthermore, this should be seen in the context of the underlying driver behind this course of action i.e. the life purpose that connects these events together. Capabilities are freedoms not

just because they can relate to a removal of constraints but because they have intrinsic value in themselves. In a capabilities framework, this can relate to ‘beings’ and/or ‘doings’. Whilst inherently interlinked (i.e. being able to access markets) what the entrepreneurs intends to ‘be’ in their personal circumstances connects the key events:

Looking at my age I realised that as I am ageing it will get to a time where I don’t have the strength and energy anymore so I had the vision to put up a kiosk in order for me to be at one place. That would be less stressful and take less energy. So that was my idea of establishing the bar in the first place and that is what I work for. (*Downtown*, W1)

The reason I want it to grow is that when the business grows then I will be able to employ people in the community and that money goes to their families. So I gain personally but then other people gain too. Both the bar, the restaurant and the truck. (*Downtown*, W4)

To be less stressed, to do things that take less energy, to be a pillar in the community – these desires to ‘be’ are relevant aspects of how their work (the ‘doings’) relate to their personal life. Therefore, in terms of ends and purposes, we infer an engagement that we label *valued-based*.

With this value laden purpose in mind, *Downtown* proceeded to purchase the vehicle for hire and experiment with a restaurant. She eventually struggled to find reliable people to hire her vehicle to and was having similar trust issues with employees of the restaurant component of her operations. In its recursive nature, the response is underpinned by the same understanding, logic, and engagement articulated above:

The people I was working with weren’t serious and they weren’t committed to the work. Also, if I do it alone then I become very tired so it’s better to just let them go and stop it altogether....There are always lots of things I can do when the [loan] money comes. I needed to complement the income from the bar when the restaurant was no longer viable. I’ve known for some time that the new market is a busy place for business so I just looked at doing something small there first to see how it goes. It’s been going well. (*Downtown*, W4)

I will continue to take the loans for as long as I can. The loan gives me the money to buy what I need but it also keeps me disciplined in terms of how I run my business. You see when you know that you have to repay then it keeps you very serious with how you run your business and spend your money. It means I stay on top of things. (*Downtown*, W4)

Over the period of the research, she purchased a truck for hire (and some personal use), developed the restaurant and rooms within her home for rental and opened a general goods

store in the market centre. The recursive logic here relates to how these events are linked whereby the output of one event becomes the input to the next.

What initially prompted her to consider the vehicle was the output from previously constrained actions (physical access to markets) seen together with a need to structure all key business decisions around the progressive nature of microfinance loans. This certainty prompted her to experiment with a restaurant to augment the operations of the bar and the bigger investments driving her to move towards a more flexible repayment method. However, the outcome of the restaurant and vehicle hire endeavours were fraught with employee problems leading her to suspend both operations and immediately re-invest in a general goods store to perpetuate access to microfinance loans. With the constant experience of constraints from her endeavours, she is prompted to seek alternative courses of action. Due to the consistency of their underpinnings, we see these responses as enactments of a particular practice. We label it *divergent venturing* because it involves the entrepreneurs' exploration of many alternatives for the venture.

This pathway depicts a recursive pattern of expanding capability freedoms where constraints and microfinance are central. The divergent sets of activities must be seen in the context of the entrepreneurs' life purposes – what they value 'doing' or 'being' – and why they seek an expansion of freedoms. It is such purpose that connects the critical events in the process. The recursive driver here lies in the repeated interaction between microfinance and the divergent responses to the constraints faced. In this sense, capabilities emerge and are shaped by the presence of the microfinance funding and the presence of constraints; they are divergent creative responses that initiate distinctive new activities. Whilst the entrepreneur does appear to be exercising increased opportunity freedom through these new activities, their process freedom is consistently encroached upon by serious constraints ultimately prompting the need for new directions.

Convergent Venturing Vignette: Stitched-up

The entrepreneur behind *Stitched-up* started his business after undertaking an apprenticeship in the capital city Accra. He decided to get out of the capital city following his training and established his clothing business using his in-laws' premises – a shipping container just at the front of their home. He is used to the experience of serious constraints; before moving to his initial modest premises he was robbed of almost all his belongings and has had similar misfortunes with untrustworthy microfinance group members. But having established the business there, he subsequently started to make key decisions concerning his location:

My plan for the future – I've decided to go to another place. So by next year I hope to find business there too. I can go to Obuasi [nearby town] and sell there but if I'm going to do anything I must plan it first. (*Stitched-up*, W1)

We moved here [new location] on July 1st.... The business has really changed. The building has changed, the products have changed. Before you [the interviewer] came we didn't have all this. That time you came, the place wasn't suitable for the business. For the business then we needed it by the roadside but at that time there was no money to do it (*Stitched-up*, W2)

His initial decision was to re-locate from his poorly positioned shop front much closer to the roadside so that he was much more visible to passing customers. In his next move, he started to open new branches which would allow him to distribute his clothing into local markets whilst they were made centrally at his new business location. He similarly concluded that this central space needed to be further developed to incorporate a much larger scale factory-type of operation where he would have numerous apprentices working with him.

Again, the recursive logic here relates to the link between these events where the output of one event becomes the input to the next. The development of the business was tempered by the emergence of new constraints following the previous action undertaken. As he relocated to his new store, the operational demand on the business grew meaning that more demand was placed on an unreliable electricity network. This led him to make a sizeable investment in a generator:

It's been terrible for business in terms of the power problems we are facing here. For the sewing business, the power needs to work. Here it's not like people place order or I take contracts – if there was a contract then there'd be no problem because I can factor the energy problem into my costs. For this one it's a very serious and challenging for us. So what is happening is that all of my money is put towards the fuel for the generator – it's a short term solution (*Stitched-up, W4*)

Despite the persistent presence of constraining forces, we observed how this did not deter the efforts of the entrepreneur. We label such practical understanding of what makes sense to do as *persevering*. This emerging process similarly runs side-by-side with how the entrepreneur engages with the microfinance institution. Given his consistent focus on developing the business as a single activity, he is principally focused on pressurizing the lender to provide him with more resources:

That one [the next loan] I will go back for 10000GHS. This time my business is changing so much. I want my overall loan officer, the person who approves the loan, to pass here and see what is going on here. What have I done? Is he improving or not? I've done this for so many years so I know the business. (*Stitched-up, W2*)

In pressurizing his loan officer, this led to a visit from personnel at head office in order to approve an application for a loan amount for which he technically did not qualify. Therefore, the entrepreneur was skillfully using negotiating tactics to gather more resources from the bank. He was more actively constructing how much he could access but also thinking about how continued access to the loans fitted his overall business need:

The next thing I plan for and I pray that I get the materials and that I can bring down my loan size small small. It can't keep going up and up. I pray that maybe from next 1 year I can start bringing it down. Let's say I take 7000GHS, next time I'll take 5000GHS and the next time I'll take 3000GHS. This is to ensure that the business will be stable. (*Stitched-up, W2*)

This subsequently led the entrepreneur to stabilize his loan amounts and develop a line of supplier credit with whom he had been able to establish a good relationship over the years. We label this logic and procedure as *amplifying*, as entrepreneurs grow their need for financial resources both from microfinanciers and beyond. This amplification is always aligned with a desire to iterate the business idea with a particular blueprint in mind.

I've got the land already. It was about 10 years ago; I've always had the plan. I start small and every week after paying the money I will buy the cement. So maybe in 2 years if you come here you can come and see my factory. So if you want the shirt and within 5 minutes you can get it. I would have the factory and then I would have plenty of boutiques. Kumasi, Accra, Kasoa, Tema, boutiques everywhere. Then the factory can supply them (Stitched up, W1)

In terms of the ends and purposes of the entrepreneur, we label the engagement here as *venture-focused*, as something which ties the entrepreneur's perseverance and amplification of resources together.

What initially prompted him to re-locate the store was based on its poor location (access to consumers) but the re-location prompted new operational problems concerning the necessary power for production. Despite this, he started to develop expansion plans by constructing new premises for distribution in the local market which placed further electricity and financial constraints on the business before subsequently purchasing land to facilitate the long-term development of a factory (*venture-focused*) – all of which would require extensive and a consistent power source. Thus, he continued to pursue this plan despite the presence of these serious constraints (*persevering*). This can be explained through his skillful ability to negotiate resources from the lender (*amplifying*). So, the critical events in the entrepreneurial journey here are understood as outputs from key negotiating moments with the microfinance institution that input into the subsequent key event.

This illustrative case similarly highlights a process that is recursive in terms of how the outcome of one key event acts as an input into the next, representing an expansion of capabilities through microfinance. However, it demonstrates a qualitatively different path for capability development which we describe as the enactment of practice of *convergent venturing* – an iterative approach to developing the business' blueprint. Here, opportunity and process freedom appear to be much more closely intertwined because capabilities result from decision-making autonomy despite the presence of constraints. The emergence of the venture brings about further constraints, but the entrepreneur persists. In the event space, this is coupled with

pro-active negotiating skills, which pushes the boundaries of the bank's lending approach. This means that microfinance is used to facilitate the development of the business blueprint rather than initiating new ideas and directions for the business.

A Model of Capability Development in Microfinance

Figure 1 presents a simple generative model based on our articulation of the two distinct practices. The two case vignettes presented in the previous section emphasise the recursive nature of the practices portrayed in them: actions over time form a chain and share common underpinnings in the form of understanding, logics, and engagement. The longitudinal threads are further demonstrated in the appendices. Through their enactment, the practices chart two distinct pathways through which entrepreneurs generate capabilities through microfinance support amidst constraints. These two pathways indicate one setting where process freedom is more consistently constrained (divergent venturing) and another where opportunity and process freedom are more closely synced through microfinance (convergent venturing).

Insert Figure 1 here

The recursive loop of the model has been highlighted recently in the argument that the only constant throughout the entrepreneurial process is an evolving intent (McMullen and Dimov, 2013). Because the process is ongoing and the nature of its evolution open-ended, explanation of the process cannot be based on an endpoint, but rather on the mechanisms that produce its contingent realisations. This constitutes a generative explanation, based on specifying the recursive mechanisms that give rise to a broader regularity (Cederman, 2005) such as the social structure of a realised entrepreneurial opportunity (Katz and Gartner, 1988; Drazin and Sandelands, 1992). The core recursive mechanism is the entrepreneur's constant effort to solve emerging problems in the name of some ultimate purpose (Dimov, 2016).

In our findings, we emphasise one pathway through which constraints emerge following the outcome of a particular event, producing the input into the next key decision alongside the progressive and ongoing presence of microfinance resources. We use Schatzki's (1996) notion of understandings as having a practical sense of what to do to capture the consistencies in what makes sense for entrepreneurs to do in such cases. What we label as *appending* refers to situations where entrepreneurs readily add a diverse range new, often unrelated activities to their business portfolios when they experience a constraint that undermines a previous action. Coupled with the external constraints imposed by the environment – being located in particular settings and contained in a web of intentional relations – it appears to be a critical part of the lack of process freedom experienced in this pathway. This was consistent across nearly half of the entrepreneurs in our sample:

I got some small money from [the bank] last time and I decided to put it into that building so that I could rent it out to people. You know there are lots of people in these parts who like a store for their shops and that sort of thing. So at the moment I am just trying to manage some things and get by. Keep working on the farm and hope that I'll find a solution to it [inflation and prices] (Papaya Producers and Retailers, W3)

This aspect of process freedom is also captured by what connects critical events in the entrepreneurial journey with this farmer stressing the need to “settle” and feel “less tired”. These are relevant values to understanding their actions but should also be viewed as familiar to the entrepreneur's social and cultural competences rather than just some desired end (Swidler, 1986). In this respect, the ‘engagements’ of the entrepreneurs – or what Schatzki (1996) refers to as the teleo-affective structure of their actions – are primarily *value-based*:

What encouraged me to go into that business is that I have two kids. I was staying in a place called Katamanko where I normally sold dresses but when I came here I saw that I had two kids and it would be difficult for me to hawk with these two kids. So I thought to myself why don't I learn sewing and do that business? (Papaya Producers and Retailers, W1)

Thus, rather than trying to find some permanent solution to the constraints they face, it is seen as less stressful to simply shift the line of action to a separate activity that attends to their

personal needs. In terms of ‘understandings’, it is here that we observe as *appending* – the diversion into numerous venture initiatives when faced with constraints. Therefore, whilst microfinance may engender opportunity freedom it does not necessarily effect process freedom when viewed against an entrepreneur’s constrained environment, thus entrepreneurs utilise such resource provision to *capitalise* on a diverse and often unrelated business opportunities. This produces the *divergent venturing* practice we observe.

We observe a second, qualitatively distinct pathway whereby constraints also emerge following the outcome of a particular event, but the change process continues despite their presence. The understanding involved in this case is one of *persevering* with microfinance resources being more closely negotiated. This constitutes an iterative development of the business blueprint through perseverance with the entrepreneur’s intentions mainly *venture-focused*:

I want to change these things. You see for now, the place is empty, no one is here, customers don’t feel comfortable with these types of chairs. The network is not fast. I mean I am facing some challenges. But I believe that in business, no matter what, it will start again... We’ve decided to make the business run, give ourselves 5 years and then we can enjoy the rewards. (Surf Cafe, W3)

This iterative approach to capability development operated side-by-side with a desire to negotiate microfinance loans to meet the demands of their ever-growing business vision. We see this practice as resting on entrepreneurs’ procedure and logic of *amplifying* their financial need to microfinanciers and beyond. This meant that they were less likely to depend on the microfinance institution as a source of capital but look for financial alternatives:

Now I am getting [financial] facilities from most of my suppliers which means there is no need for a loan anymore. The interest rate for the loan is very high. So now I’m just using my own capital with a credit facility from my suppliers...I’m relieved because the pressure is off. (Hardware Store, W4)

In this particular pathway, the approach to the microfinance institution is characterised either as a process of bargaining with loan officers or moving away from the lenders when their

offering could no longer match their business blueprint. It is similarly recursive, but the emergence of capabilities yields less easily to the presence of serious constraints. They represent triggers of new chains of actions that can gradually recast the intentional relations that initially constrain them. As such, opportunity and process freedoms are much more closely intertwined here, leading to capability emergence through a practice of *convergent venturing*.

Discussion

In this paper, we asked: how do process and opportunity freedoms explain capability development of microfinance entrepreneurs? This setting, rich in contingencies, provided an opportunity to look for threads of continuity in constantly evolving entrepreneurial practices as enmeshed with social orders and practices. We followed ten entrepreneurs over a three-and-a-half year period, revisiting them at four different points in time. Needless to say, many things happened over that period. Amidst the overwhelming diversity of events and contingencies, we identified a repeated interplay of practices that brought together particular ways of dealing with constraints (understandings), formulation of funding needs (logics) and overall purpose (engagements). These were threads that spanned time and interweaved to forge the individual entrepreneurial journeys and capability development but could be qualitatively separated by a bifurcation in process and opportunity freedoms.

Our work makes three key contributions. Firstly, reflecting on our initial discussion of four mechanisms that characterize practices and orders as the site of the social: interpersonal structuring, intentional relations, settings, and chains of actions. We identified that entrepreneurs generate capabilities in a microfinance context through a recursive mechanism whereby the output of one key event becomes an input into the next, which is tempered by the presence of serious constraints and progressive, negotiated access to loans. Our findings highlight how divergent and convergent venturing are a valuable way to understand ‘settings’

and ‘intentional relationships’. In the former, we observe how individuals can find themselves in the same settings – of serious constraints and microfinance – yet follow very different paths. In the latter, we see how the actions of entrepreneurs are objects of other persons’ actions. Either divergently by, for example, changing course of action because of a breakdown in supplier relations or convergently, by sticking to a long-term plan despite unreliable suppliers.

In our quest to understand entrepreneurial processes, we often seek to reason about them inductively, from the observation of their realizations, and by mapping outputs to a set of inputs, separated by time intervals that provides clear ‘lines of sight’ between them. This logic works as long as there are no contingencies in the set time intervals that have a material effect on practices, a sort of blockage in the lines of sight. If this is the case, then the time interval for uninterrupted observation needs to be reduced, to start from or end at the said contingency. And if another contingency arises further on, then the interval needs to be reduced further. And so on, until we are left with an infinite chain of input-output relationships, whereby the set of inputs successively increases, reflecting ever-expanding contingent outputs. Rather than indulge such ever-rising complexity of inputs, we can look for a different explanatory logic.

A nomothetic logic portrays the process as a realization of a covering-law relationships subject to the noise of the idiosyncratic circumstances. Time in this conception is essentially a source of noise, i.e. the bigger the distance between input and realization the bigger the noise (McMullen and Dimov, 2013). This is because time sits outside of the model that represents the realization of the process. The inputs are fixed in time and anything that happens thereafter falls outside of the scope of the model. In other words, this includes the very contingencies that shape the ultimate realization of the process. Another, idiographic logic would explain the process as a recounting of its major occurrences or milestones, i.e. a descriptive account of what happens along the way (Mohr, 1982; Van de Ven and Engleman, 2004). Time is subsumed in this account as the process is effectively defined by its contingencies. But because

the nature of contingencies is such that they can turn out differently under different circumstances, the descriptive account cannot rise above the contingencies that comprise it.

As a key contribution, we add a third explanatory logic – generative, based on the recursive operation of a central mechanism (Cederman, 2005) – focusing on the continuous enactment on practices as an interplay of constraints (understandings), funding needs (logics) and purpose (engagement) to provide an overall view of capability emergence. In this conception, time is a creative force as its passing reveals or prompts new contingencies that provide the input for the next iteration of the generative mechanism. It enables a shift away from *a priori* entities as the basis for explanation and thus provides a gateway to open-endedness (Steyaert, 2007). Uncovering recursive processes that underpin entrepreneurial action at any point of time, by linking positional information to action, is essential for understanding macroscopic regularities such as a realized opportunity (Drazin and Sandelands, 1992; Crawford, Dimov, and McKelvey, 2015). This “positional information” reflects actions of entrepreneurship, which are objects of other persons’ actions (intentional relations) as well as their settings (i.e. valued goals and the artifacts that signify them).

Both practice pathways (convergent and divergent) we highlight in the paper emphasize how chains of actions operate recursively, tying together the emergence of new capabilities in an evolutionary sense. This provides an important first empirical account of the “doing and living” (Steyaert, 2007) of entrepreneurship and practice in a development context. Our generative explanation moves the logic of explanation from propositional relationships to iterative mechanisms. The former reflects an outcome determinism that calls for identifying the right set of inputs, while the latter reflects a process determinism that produces a contingent set of outputs. A generative explanation manifests itself in bricolage as response to resource constraints (Baker and Nelson, 2005). It also resonates with the broader ideas of entrepreneurship as a disciplined process (Drucker, 1985) or as the enactment of effectuation

principles (Sarasvathy, 2001) that, while insightful in the teaching of entrepreneurship, have had a limited impact on the research of it. This has largely been because discipline and principle imply and only work in their recursive application, while many explanations look for a static set of inputs. The marvel of this cumulative and cyclical process is that such simple recursive nature can generate a vast array of new practices.

Second, building on the entrepreneurship and development framework of Bradshaw (2007), our work highlights that capability development is a cumulative, cyclical process that is currently overlooked by existing theoretical conceptions that focus on linear, piecemeal effects. We provide a novel way of theorising about the entrepreneurial practice in a developing economy context that focuses on how multiple factors work collectively over time, reinforcing one another to produce various outcomes. Looking back at our study, and particularly the asymmetry between the first and last interviews, highlights the contingent nature of entrepreneurial activities – one could easily imagine that they could have turned out differently in different circumstances. The question of contingency (vs. necessity, i.e. taken-for-granted occurrence) poses the challenge of developing empirical propositions about contingent phenomena (Simon, 1969; 1996). Because the critical events in our stories could not arise but for the efforts of the entrepreneurs and could not take the particular forms but for the yielding of the context – the series of contingencies behind them point to a generative, path-dependent process, in which current events become the context for future events. This is in essence the recursive mechanism we highlighted in our first contribution.

Third, we contribute to the emerging body of research at the intersection of entrepreneurship, microfinance and capabilities. Although extant efforts have sought to espouse microfinance as capability generating for entrepreneurs (Chliova et al., 2015; Gries and Naudé, 2011), it is typically discussed in its broadest terms and with only partial recognition of Sen's theory. Such efforts also problematically equate capabilities with almost

any positive social outcomes which says very little about how entrepreneurs act to enable capabilities (Kimmitt and Muñoz, 2018). Such an approach requires returning to the basis of Sen's (1999) work, placing emphasis on valued goals, opportunity and process freedom. Embracing these ideas, however, requires an appropriate methodological tool. As such, our study adopts a process-orientation which helps to identify key mechanisms that aim to explain the behaviour of entrepreneurs engaged in microfinance programmes.

This approach offers the necessary micro-level focus needed for a more comprehensive understanding of experienced opportunity and process freedom. In a variance or static retrospective methodology, we would not have been able to capture the momentary aspirations and ideas of entrepreneurs and follow how the process materialised (Dimov, 2011). This would have provided a view only into some outcomes which, whilst important, tells only a part of the continuously unfolding story in which outcomes are simply inputs into the next part of the journey. In addition, we identify that prior research has placed most emphasis on the opportunity freedom aspect of microfinance and capabilities (i.e. it provides more market related options) yet understanding process freedom may be more likely to reveal insights into the distinct entrepreneurial journeys that microfinance enables.

Our analysis identified two distinct pathways as practices of capability development. In the first, we highlighted a context where opportunity and process freedom are closely intertwined, meaning that entrepreneurs gradually develop new capabilities, which is consistent with their initially stated long-term valued goals. This consistent and incremental problem-solving approach occurs despite the presence of constraints and amidst contested, negotiated microfinance resources. In the second pathway, we identified that process freedom seems more obstructed pushing entrepreneurs to consider multiple projects amidst the setting of constraints. Despite this, they represent new capabilities for the entrepreneur indicating the creative force that constraints may have in pushing entrepreneurs in new directions (Baker and Nelson, 2005).

In capturing a set of entrepreneurs over time, we are also able to contribute to the ongoing discussion regarding the relationship between microfinance and entrepreneurial behaviour. Despite the enormity of the microfinance industry, there are surprisingly few efforts that seek to understand how microfinance loans stimulate entrepreneurial activity (Bradley et al., 2012). From a capabilities perspective, whilst microfinance may engender opportunity freedom, our findings point to a need for microfinance institutions to identify those key factors that obstruct process freedom and be cognizant of these in terms of understanding the performance of their clients. This would be a particularly helpful advance to the sector where theories of poverty are dominated by an opportunity freedom perspective and, by extension, notions of individual deficiency if such opportunities are not grasped (Bradshaw, 2007).

Final Thoughts

To understand the practice of entrepreneurship is to face up to the open-ended nature of what entrepreneurs do. It is open ended in the sense that the set of its possible directions and outcomes is unbounded, generated from the constant interaction of emerging constraints and the evolving momentum of the entrepreneurial purpose behind it, which is in turn shaped by the capabilities it creates along the way. There was genuine novelty at each step of the way and many of our respondents have been transformed by the end of the study. At the same time, these temporally dispersed actions were held together as social practices through the understandings, logics, and engagements inherent to them. Collectively, the process is described as a fascinating story of twists and turns. Each of these represents a momentary realization of the generative mechanism of the process. The marvel of this process is that such simple recursive nature can generate a vast array of outcomes.

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Table 1 – Entrepreneur Profiles

Entrepreneur	Formed	Sector	Gender	Cycles*	Employees
Barbers	2006	Hairdressing	Male	1 st loan: \$630 5th Loan: \$1577	3 Full time
Auto Magic	2009	Vehicle Services	Male	1 st loan: \$789 4th Loan: \$1314	1 Family Member
Hardware Store	2007	Hardware Store	Female	1 st loan: \$525 10th Loan: \$2629	3 Full time
Simply Everything	2009	General Provisions	Female	1 st loan: \$525 3rd Loan: \$1051	1 Family Member
Stitched-up	2006	Garment Designer	Male	1 st loan: \$525 8th Loan: \$2629	5 Full time (5 trainees)
Downtown	2005	Bar and Restaurant	Female	1 st loan: \$262 8th Loan: \$1840	2 Full time
Say what you sew	2007	Foods and Sewing	Female	1 st loan: \$157 8th Loan: \$1157	2 Family Members
Papaya Producers and Retailers	2010	Farming and Hawking	Female	1 st loan: \$157 9th Loan: \$1577	15 Seasonal
Surf Cafe	2008	Internet Café	Husband and Wife	1 st loan: \$525 2nd Loan: \$1572	1 Full time
Vibra Mobiles	2008	Mobile Phones	Male	1 st loan: \$236 9th Loan: \$2103	1 Family member

* Number of loan cycles taken

Table 2 - Critical Event Lists

Venture	Critical Events	Chronology
Barbers	- Uses loan for partial working capital and new project investment	Feb 2012
	- Selects new location for expansion to improve revenue generation and loan access. Delays major project.	May 2013
	- Changes location of major project.	Sep-Dec 2014
	- Opens major project: centralizing service	July 2015
Auto Magic	- Robbery of inventory; invests loan to re-stock and improve security.	Jan 2012
	- Establishes critical supplier commitment	Feb-Sep 2012
	- Competitor opens nearby	Feb-Sep 2012
	- Large increase in rent for new shop; opts not to go for loan	May 2013
	- Stops using loans; developing flexible credit terms with supplier	
Hardware Store	- Geographic expansion; opens new branch	March 2012
	- Persistent problems with local suppliers	Ongoing
	- Applies for large loan to import; rejected	Dec 2012
	- Development of line of credit with international suppliers	March 2013
	- Termination of relationship with MFI	Dec 2014
	- Geographic expansion; new branch	March 2015
Simply Everything	- Local government construct gutter in front of shop; flooding	Jan 2012
	- Investments in shop inventory	Feb 2012
	- Serious personal health issue	Jun 2012
	- Loan default	Sep 2012
	- Invests in fast food operation	May 2013
	- Re-locates family outside of residential area	Jan 2014
	- Invests in establishing a church with husband	Summer 2014
Stitched-up	- Armed robbers steal electricity generator	2011
	- Re-locates business to new roadside, purchases new machinery	Mar 2012
	- Significant losses from increased electricity need	Sep 2012
	- Visit from head office to negotiate larger loan amount	Nov 2012
	- Open news branch in local market, increases production	Mar 2013
	- Purchases land for factory to increase production	Jan 2015
	- Establishes more reliable line of credit with supplier	2015

Downtown	-	Uses loan to buy new vehicle for rental and begins investment in restaurant	Feb 2012
	-	Experimenting with new restaurant	Sep 2012
	-	Moves away from group lending method	May 2013
	-	Closes down vehicle rental due to untrustworthy clients	May 2013
	-	Closes down restaurant; re-invests in general store and room for rental.	July 2014
Say What You Sew	-	Identifies opportunity to learn tailoring rather than clothes trading	Mar 2010
	-	Neighbour closes frozen food store – spots new opportunity due to loan access	Sep 2011
	-	Power supply through generator breaks	Dec 2011
	-	Investment in shop inventory with loan; begins saving towards taxi rental	Mar 2012
	-	Father passes away; significant and unexpected funeral costs	Feb 2013
	-	Loan defaulting; expelled from group	May 2013
	-	Significant health problem	Jan 2014 - Present
	-	Invests in fresh food business through husband; desire to return to MFI	Jan 2015
Papaya Producers and Retailers	-	Re-evaluates business with access to loans, moves into farming production	2010
	-	Acquiring workforce from rural North	May 2012
	-	Re-evaluates investment plans due to inflation and irrigation problems	Summer 2012
	-	Begins small lending to other members of farming community	Jan 2013
	-	Builds small shop on farmland to rent out to augment income due to farming problems	May 2013
Surf Cafe	-		May 2015
	-	Invests in geographic expansion through loan, opens new branch	Mar 2012
	-	Employs worker for new location	Mar 2012
	-	Interior standard of main store seriously problematic	Sep 2012
	-	Persistent electricity problems across both sites	Ongoing
	-	Repayment problems due to interest rates and business performance	Sep 2012 – Mar 2013
	-	Closes down new location due to power and coverage problems	April 2013
	-	Acquires generator to ameliorate power problems on main site	May 2013
	-	Re-orientes business around laptop and mobile sales	Jan 2014
Vibra Mobiles	-	Establishes relationship with US supplier for importation; supplier credit as a financial alternative to microfinance	Autumn 2014
	-	Large investment in inventory expansion	Feb 2012
	-	Negotiates move out of group to individual loan	Feb 2012
	-	Starts travelling to Togo and Nigeria for supplies	Summer 2012
	-	Relocates to full block store; elicits market legitimacy	Sep 2012
	-	Relationship becomes strained with MFI over loan size	May 2013
	-	Begins travelling to Nigeria by himself	Feb 2014
	-	Takes first loan from formal financial institution	Summer 2015

Table 3. Entrepreneurial Practices Data Structure

Aggregate Dimensions	2 nd Order Codes	Exemplar Data
<i>Type A: Divergent Venturing</i>	<i>Appending</i>	
⇒Understandings: Moulding of constraints	⇒Entrepreneurs are diverted into new venture initiatives when faced with constraints, appending them to prior efforts	My place of residence that is where I sew and I have put up a shop to sell the dresses I make and repair. But In my new location in the town what I discovered around the area is that there is a demand for frozen food and a scarcity of fish. I have purchased a taxi for myself and the business as I can earn money on the side. (Say what you sew)
⇒Logics: Enabling effect of microfinance	<i>Capitalising</i> ⇒Entrepreneurs capitalise on the momentary opportunity with financial resources at their disposal	Because I had access to the loans and there is a demand for this [new businesses], why shouldn't I take advantage of this?...When you know you have access to the loan you know that there are lots of things that you can do with it. It gives many options (Say what you sew)
⇒Engagements: Ends and venture purposes	<i>Value-based</i> ⇒Entrepreneurs are committed to prioritising individual and family well-being	When I started, actually in the area there was only one person one shop that was selling these provisions. That's confectionery products. It was only one shop. So I realised that at this place, there are not many shops in this area so I decided to do it. This place is also very close to my house. So you don't have to worry about transportation, like going and coming back. At that time, I had the children too and I had to be at home when they returned from school. So I decided that I had to be in this area so that it would be convenient for me to take care of the children. (Simply everything)
<i>Type B: Convergent Venturing</i>	<i>Persevering</i>	
⇒Understandings: Moulding of constraints	⇒Entrepreneurs persevere despite the experience of constraints	That time the robbers came to my shop I just come here and cry 'arrgh'. Since then I didn't want to come here but you've got to be strong. What I learnt was that I needed to change the top to be made out of metal. But I didn't let it bother me much, it is part of life and I am strong and I just realised that I needed to move ahead from this. So now I'm more secured, I know where the problems are. (Auto Magic)
⇒Logics: Enabling effect of microfinance	<i>Amplifying</i>	The relationship is good [with the MFI] but the problem is that I can't access the big money that I need. So if they can trust me then they can give me what I want. The last time they give me 7000 GHS but that is very small for me so if I have that I don't know what I can do with it. So if they can get something like

⇒Entrepreneurs continually amplify their need for further financial resources from both microfinanciers and beyond.

15000 GHS going up to 20000 GHS then that will make a big difference for me. So now I will use [this MFI] alongside [another local MFI] to get the resources I need. (Vibra Mobiles)

⇒Engagements: Ends and venture purposes

Venture-focused

⇒Entrepreneurs are committed to a vision for the venture and adapt its blueprint accordingly

I've got the land already. It was about 10 years ago; I've always had the plan. I start small small and every week after paying the money I will buy the cement. So maybe in 2 years if you come here you can come and see my factory. So if you want the shirt and within 5 minutes you can get it. I would have the factory and then I would have plenty of boutiques. Kumasi, Accra, Kasoa, Tema, boutiques everywhere. Then the factory can supply them (Stitched up).

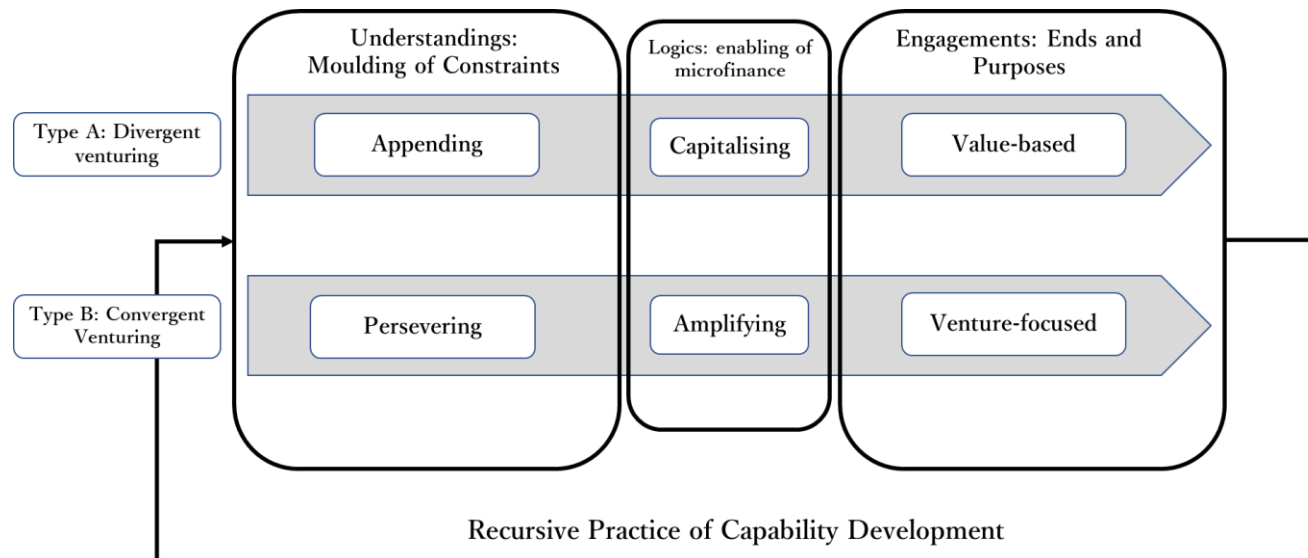


Figure 1 - A Generative Model of Capability Development in Microfinance

Appendices.

Barbers

Understandings: Moulding of Constraints	Logics: Freedom enabling microfinance	Engagements: Ends and Purposes
<p>Wave1. Persevering: It has been a challenge. In this barbering business you have to invest in it. In Ghana now people like very neat places. When the place is very neat you achieve more customers. So you need to put more money in....</p>	<p>Amplifying: We can take the loan for like 10000 or 15000GHC to expand our business. If it was shared into those 3 years it would be paid gradually. But to pay 15000 in 1 year would be a stress. When the time comes to help me and some of their clients, they [the MFI] need to do it for like 2 or 3 years we will be able to expand our business more than we are seeing now. The system is now, when you apply for an amount of money they ask what you're going to do with it and they're unsure that you can pay this amount of money...because we don't have the financial support we can't expand to that level we want to.</p>	<p>Venture-focused: My business has to grow to be a very big company. I want to get a very big store not in a container; which have the type of appliances and materials I need to be capable of the work... I'm planning that when I get a very big place I want to add a boutique to it.</p>
<p>W2. Persevering: I have located a place in the Sipi area. When I have more shops then I can use that to invest some in the building site [new business location] and work with the repayment of the loan.... I realised this in the last few months. I've been planning that after I repay, do the repayment of the loan that I have now – If I want to take a new one [loan] then I have to get the new shop.</p>	<p>Amplifying: I want more [from the MFI] but because of the repayment I can't get much to put into the building site.... I'm going to invest in the [new] shop because the shop brings me money. When I use the money to develop the building site, I will not get anything from there so I have to use the money to invest it in a barbering shop where I know the money will come. That way the money comes from that investment.</p>	<p>Venture-focused: Well I would like to have a very big barbering school. You see I've been in this business [industry] for 17 years now; it's my profession, so I can do it.....It will be a salon as well as a barbering school.</p>
<p>W3. Persevering: It's the power-off programme [a national electricity shortage] now we are planning on getting some power support. So now we need to have a generator. So, when people want to shave because of the power-off programme they can't....It's affecting us badly because when the light goes off everybody knows about it so everybody will be at home and they will not come. So, it's only when the power comes back that they will start coming back again.</p>	<p>Amplifying: Well it will be this time [this month] that I will go for the new loan and for more. So after that what I get I will use for the location. For that new location, everything has already been paid for the land and everything. So with the loan we can take that money and build the container and start the business over there.</p>	<p>Venture-focused: That is what I'm planning for now, to come out with a barbering school [the 'big place']. I hope that that will be like this sort of place where I can take apprentices. So, when you get like 5 or 10 of them they come and go day-to-day to learn the barbering. So yeah, it will be like a school....The plan for the future is to have the barbering school. I know that what I've done for so many years is there now and I know what I have to do.</p>
<p>W4. Persevering. Right now, I'm in the process of setting up an association where we the barbers meet. On Wednesdays we have meetings. Now I am working towards that together with my colleagues.... So we have to come together so that the customers can rely on one thing. So that if you come here for 5 GHS then you try another shop you know they're also charging 5 GHS rather than like 2 GHS. So in effect if everyone is charging 5 GHS then the customer will choose the best barbering shop rather than the cheapest.</p>	<p>Amplifying: I put some of my own money together with this to get the store [the 'big' place]... I have some money there and I'm just waiting to see how it will help in the future....I won't close them [the other branches], they will be working to support what I have here. If I expand in the future, loans can be very useful for me.</p>	<p>Venture-focused: That place is not busy so when I had the chance to get this place [in the town] I thought it would be better to use what I have here and my good location. Here is in town so I know people know me here and my location. So rather than take it over there where people may not know me, I can maintain the customers here. From here to here [other shop] is very close you see so they will know me.... This will be like my main office where I have the barbering school.</p>

Hardware Store

Understandings: Moulding of Constraints	Logics: Freedom enabling microfinance	Engagements: Ends and Purposes
<p>Wave1. Persevering: Many people have been copying this business. As the area is growing people have started migrating to open the same. So I am planning on having another branch, not in this area but maybe in a different location.</p>	<p>Amplifying: Well it's like the more you will progress the more money you can request. So the more the market is requesting the more I will go for.</p>	<p>Venture-focused. God permit I am [also] planning to go and import the things. So instead of buying them here [in Ghana] I would import them... That means that I would get it less than the current price I am selling then I will be able to supply to others. So I will be buying in bulk and selling in bulk.</p>
<p>W2. Persevering: But [competition] oh it's normal. If you are in a place and there are no competitors then you yourself will not be strong. We just have to keep going. Keeping findings ways to improve.</p>	<p>Amplifying: Well I've been good to them so whenever I take the money I have been paying accordingly. I've not even missed a month of payments so I've been good to them. I'm planning to [import]. So that one would be maybe early next year. I'm trying to gather the money. I want to finish for this loan so that I can then apply for another one and then I will order for the goods.</p>	<p>Venture-focused. I'm still planning on being a supplier, to do like wholesale selling goods. That one has always been in my plans. You see if I'm importing then I am able to supply more goods. If I'm bringing the things from importing then I can become a wholesaler.</p>
<p>W3. Persevering: In the country, it's concerning the last election [in December] they've stopped letting certain things into the country. For some time after the election things have stopped moving... They've stopped importing and exporting... For that one [importing], I'm still in the process because of the situation in the country we are now planning it. I will now think of opening another branch. That one it will be for wholesale alone so that people will be coming from outside [of the town] to buy.</p>	<p>Amplifying: My plan is that if I took it [the loan] then I would want it in order to bring the goods in [import]... He [the loan officer] said that if I'm ready I can go to them... I want to take 20000GHS.</p>	<p>Venture-focused. The plan is still to work my way towards becoming a supplier and importing the goods. I will need the other branches to support this but that this my aim.</p>
<p>W4: Persevering: No, I don't think so. Now, there is my health as well, so I don't really have the strength. Medically they've said that I shouldn't be doing too much. There is also the currency issue so I don't think it's a priority anymore. So, I will look at putting an association together and speaking to some of the other stores in the area about this.</p>	<p>Amplifying: Now I am getting [financial] facilities from most of my suppliers which means there is no need for a loan anymore. The interest rate for the loan is very high. So now I'm just using my own capital with a credit facility from my suppliers... I'm relieved because the pressure is off. Mostly, at first, accessing capital is not easy but when you're able to put a little profit together then it gets easier. Also now the suppliers are really coming so if I take my credit facility from the bank then I have to pay the bank back and interest.</p>	<p>Venture-focused: Now that my children are in school, I'm planning that maybe in the future they will take over. As time goes on I will try to train them so that they can manage things and build on what I've been able to do.</p>

Downtown

Understandings: Moulding of Constraints	Logics: Freedom enabling microfinance	Engagements: Ends and Purposes
<p>Wave1. Appending. People really ask for food in the area, there is a need for food in the area. It's not like if you go to Osu [in the capital] and there are lots of restaurants and there is no scarcity of food. But where I stay food is scarce so people ask 'that if I take 1 or 2 bottles of beer, I also need to eat'. So why don't you also prepare food in addition to the drink you sell?</p> <p>I need a small Kia truck vehicle to bring my drinks from the warehouse. I want easy access of transporting it from the warehouse or the depot. You know the depot where you can buy things in bulk and then sell in my shop. For convenience sake, to cut transportation costs.</p>	<p>Capitalising. Aside that I want to use it [the truck] on a commercial basis because I need to convince [the MFI] that this will help me to repay my loan. So I have to use it for a commercial basis not just for my personal use. So I will hire it to other businessmen and women who are interested in transporting the same products from A to B."</p>	<p>Value-based. Looking at my age I realised that as I am ageing it will get to a time where I don't have the strength and energy anymore so I had the vision to put up a kiosk in order for me to be at one place. That would be less stressful and take less energy. So that was my idea of establishing the bar in the first place and that is what I work for.</p>
<p>W2. Appending. It has been better because now I have transportation. Now, I don't have to wait for them [suppliers]. I can just go to them and buy the stuff and bring them back to the shop. I don't go as often as the last time because now I have the truck. They have also started bringing some [products] to my doorsteps.</p>	<p>Capitalising. My expectation in the future is that they [the MFI] should help me to build and put up the restaurant.... I will invest most of the money into the restaurant business, but I would like to use some of it to pay for my kids' school fees.</p>	<p>Value-based. With hawking you have to exert lots of energy. So I thought 'Why don't I find something where I can be at one particular place?' So that even at old age I can still serve my customers. So I thought 'why don't I put up a bar?' where even if I have a problem I can still open a bottle of beer to a client.</p>
<p>W3. Appending. The people I was working with weren't serious and they weren't committed to the work. Also, if I do it alone then I become very tired so it's better to just let them go and stop it altogether...The challenge I've had so far is that with the taxi I have, I haven't been able to get any good drivers. They all seem to be telling me the same story. They normally make sales and the car will be out for a week...They'll come back and say that maybe the car broke down or there were bad sales or something. So I've parked the car and I will look for new ideas.</p>	<p>Capitalising. Part [of the loan] went to my children's schools fee and I wanted to start up the restaurant so I also diverted some into the restaurant side of it. I also needed to invest into the current shop to buy crates of drinks and I did that too.</p>	<p>Value-based. The reason I want it to grow is that when the business grows then I will be able to employ people in the community and that money goes to their families. So I gain personally but then other people gain too. Both the bar, the restaurant and the truck....This is all I'm thinking of really. I'll be quite happy with achieving this because it is what is needed in my area.</p>
<p>W4. Appending. Well its [new shop location] the market centre of Kasoa so there are a lot of people we know that go and sell there. You can't sell those things here because there aren't enough people so I had to look elsewhere for somewhere I knew would work and could complement my income.</p>	<p>Capitalising. There are always lots of things I can do when the [loan] money comes. I needed to complement the income from the bar when the restaurant was no longer viable. I've known for some time that the new market is a busy place for business so I just looked at doing something small there first to see how it goes. It's been going well...I could do lots of things [with further loans] like ensure the restaurant and rent out more trucks. I would be able to expand the provisions store in the market too.</p> <p>I will continue to take the loans for as long as I can. The loan gives me the money to buy what I need but it also keeps me disciplined in terms of how I run my business. You see when you know that you have to repay then it keeps you very serious with how you run your business and spend your money. It means I stay on top of things.</p>	<p>Value-based. The reason I decided to do it [grow] here is because my house is just behind me. You know, I'm not getting any younger – I will definitely be old at some point. I prefer to have the shop as part of the house so that when I grow much older I can monitor it and be around it. I didn't want anything where I would be old and have all the stress of having to move around. I needed to be settled in one particular place.</p>

Papaya Producers and Retailers

Understandings: Moulding of Constraints	Logics: Freedom enabling microfinance	Engagements: Ends and Purposes
<p>Wave1. Appending: So one of the major challenges is that we rely on the rain. What happens if the rain doesn't fall? If there is money then maybe we can get irrigation. So I would like to farm throughout the year but because there is no other source of water I cannot. It rely restricts what I can harvest and the pace I can harvest at. Because it is farming it is seasonal so I won't wait for my fruit to be ripe. In between these times I will go back to what I did before [hawking]</p>	<p>Capitalising. The size of the loans they normally give, they can do better than that. Initially, I didn't have any capital. But as the business grows I started making money, started saving, so I have grown a sizeable amount of capital relative to the loans I get from [the MFI]. So now I think I have enough money to move from the hawking to owning my own farmland. So the initial idea of hawking was because I didn't have the money. But when you have the loans realise there are other things you could do.</p>	<p>Value-based. I used to be a hawker but now I am ageing so the way I usually went through the villages and buy in bulk – there will come a time where I don't have the energy to do that so I had the vision that 'Why can't I own my own farm?' and be at my own particular place which will be easier for me because it will save me energy. I wanted to settle in one place, have my own farm, my own employees, less stress, more money, less energetic – this is where my idea came from. Because a year and a half ago I was going round – you see we have a lot of villages in Ghana so I would roam about the villages just to buy foodstuffs like Pineapple and Paw Paw and it's very tiring.</p>
<p>W2. Appending. Some of the farmers they have their farm but they don't have money, so definitely they will respect me! To the extent that some farmers have started coming to get small-small loans from me now. I now normally loan to them [other farmers] to be able to build a reputation with them and because of that they always respect me. Also, they [my workers] can help me to build a shop. I have a plot of land which I would like to put a store on. And I will use it to rent to others.....Now I'm just putting together the foundations and things for this and I will use my next loans to set it all up.</p>	<p>Capitalising. Well because I have access to the loan I know that I have a regular source of money. You just to have to manage it alongside the rest of my businesses too. I see this as extra, it allows me to pay for some extra expenses.... Because I have access to the loan and with the farm work being seasonal, I will look for other ways of using the money to complement my income.</p>	<p>Value-based. I still have the idea of growing. You see I have big land – let's say 5 plots or 1 acre. It's my intention of covering all of these plots of land but I need money, I need capital to do it from plot 1, plot 2 etc. So last time, let's say I was at plot 2 but because I've been able to get some money and I've bought some seeds and I've been able to raise some crops to some level. So I know that at a stage I will be able to make some money. My idea is then that I will add an extra plot to it and then I will be growing. So a time will come that I will be able to cover all the size, all the land.</p>
<p>W3. Appending. One of my biggest problems is because of inflation. Now in Ghana things have become so expensive for us farmers that it eats away at the little bit of money we try to make. So I have to put things in place that mean I can get past these issues.</p> <p><i>What sort of things?</i></p> <p>Like doing these other things; building new shops and lending. It gives me that extra bit of income that I wouldn't have with all these problems we are facing in Ghana right now.</p>	<p>Capitalising. The loan is useful for lots of things. Because I know it is there I will use it to complement my income by looking at other ideas and some other buying and selling in the market. I can further my own lending or continue to develop the land I have.</p>	<p>Value-based. I want to have a settled life, look after myself physically and financially as well as my children.</p>
<p>W4. Appending. Well I now give out more credit. People know me in these parts and that me and my family have been in the community for years. These people wouldn't betray me because people know me here. You know not everyone is able to access the loans in Ghana, even with microfinance around.</p>	<p>Capitalising. I got some small money from [the MFI] last time and I decided to put it into that building so that I could rent it out to people. You know there are lots of people in these parts who like a store for their shops and that sort of thing. So at the moment I am just trying to manage some things and get by. Keep working on the farm and hope that I'll find a solution to it [inflation and prices].</p>	<p>Value-based. I just want to continue to expand my farmland, pay my workers and have less stress. What I need now is the help from [the MFI] to support it to that level....I'm looking towards my children to take up a lot of the responsibility in the business and they can contribute a significant amount to the business too. I'm not getting any younger so my 2 kids are part of the business so I will have to transfer it over to them.</p>

Surf Café

Understandings: Moulding of Constraints	Logics: Freedom enabling microfinance	Engagements: Ends and Purposes
<p>Wave1. Persevering. At first I was getting customers because at that time there were few internet cafes here. So the market was there but since people have started opening internet cafes so the market has changed. So now I don't only give the internet service; I sell desktops and laptops and do local area networking for offices, schools and home users. So I don't depend solely on the café. For the café, the market has come down but it'll be ok.</p>	<p>Amplifying. You know I wanted to see if I can raise the money myself and do it. You know they have the interest rates and with my business it can sometimes take time before you begin to make the money. It's a remote area [for the new branch], some people are trying to understand what it is. So when you take it and then the next month you start paying – so I didn't like the idea of going for a loan, I didn't think I could use it for anything.</p>	<p>Venture-focused. Right now, I have a target to achieve which is to establish the internet café in Ofanko. Then I want to go to Sedro and make a small place, after Ofanko, I want to make a small container and put a computer there, a photocopier, scanner and a printer. Then I will get a router with internet because Vodafone are not there currently. So I will get a computer to start it so it will be easy for people to access documents, the filling of their forms for University. So that one computer will serve them - if I see that the market is good and are requesting the internet I will open up the place. This will all need funds.</p>
<p>W2. Persevering. What our customers are complaining of is our computers, they are not happy. Our chairs are broken but what always keeps them here is our care and our costs, the price we give them but our chairs and computers, they are not happy. You come and you have to wait for a friend so you come and you sit, they are not comfortable but they are OK with our price and our reception.</p>	<p>So I'm also trying to get some money somewhere from my brother so that I can properly do it. I don't want to go in for too much because sometimes when you take the loan and it hasn't been that effective, it doesn't add up. If the interest rate is good, no problem but high interest you end up making a loss.</p>	<p>But my main aim is to establish this here as an internet service provider around the region. But I am looking for the funds to come, I have the knowledge, I can do almost everything that can let the company stand, apart from the administrative aspect – in that area I'm lacking. If you want internet right now I can do it. So I'm praying that as time comes that vision will come.</p>
<p>Persevering. Looking at that place [new branch], there is no internet cafe around so they [the customers] were happy. But the customers say to me 'Oh madame, this place is so small but this area has no internet cafe, why not make it big?' So I have to say it's the money. So the people are so happy that there is an internet cafe but we know it could be better.</p>	<p>Amplifying. Our main expectation is that they [the MFI] will give us a better loan. Maybe if we apply up to 7/8000GHS they should grant it to us. Actually, over there [new branch] we wanted more than we got. We wanted webcams, air con inside, a photocopier machine but because our money was not up to that level over there we couldn't get the photocopier machine, we don't have air con or a printer. If people wanted to do those things it's a problem. So with the money not being there – in a way, the customers are happy but we are not meeting their needs. You have a friend who is somewhere and they say 'we want to see you!' but we don't have webcams.</p>	<p>Venture-focused. We expect to apply for 8000GHS. We want to change all these chairs here, our air con is working but because of money we are not using. We want to paint the whole place. We want to change all our computers and come back to the standard as we used to be when we were at the first store. So if we get that we can get our computers, chairs, air con and we can change our network [suppliers]. Also, over at the new place we need air con and extra computers because people are always complaining that they have to queue to be able to browse. Students will stand and wait for other students to finish and it makes our customers not happy.</p>
<p>W3. Persevering. You see for now, the place is empty, no one is here, customers don't feel comfortable with these types of chairs. The network is not fast. I mean I am facing some challenges. But I believe that in business, no matter what, it will start again... We've decided to make the business run, give ourselves 5 years and then we can enjoy the rewards. It's a big problem now for my customers. But It's been more positive than negative as sales have improved. We used to not really sell laptops, we used to but not all that much. We've had someone that has been supplying us laptops so we've even had some stock. So we get laptops – new ones, used ones, tablets. So on that side things have improved.</p>	<p>Amplifying. Yeah, I will [take another loan], they are the people I am looking up to. But most of the times, in the period we are asked to pay, let's say I take 8000GHS and I am asked to pay in one year. This one year maybe I will find it difficult to repay the 8000GHS per month. Because this business is a new thing and I'm coming into it so I need to see how it is going. I need to know how I would pay if it wasn't going so well.</p>	<p>Venture-focused. Because I have realised that a lot of people are now getting into having their own laptop or getting their phone and browsing with Vodafone or MTN. They then like to browse in the house so the best thing that I can do is to get into the selling of computers. Laptops, you come and buy and then you take it to the house and do the browsing yourself. For now, that is my plan. I can see that a lot of people are using their phones to browse so if I can do this then it will be alright.</p>

<p>W4. Persevering. We did it at Ofanko there but it was not all that....People were coming but we were just running into debt...So we get laptops – new ones, used ones, tablets. So on that side things have improved. When we come to the internet, sales have reduced because of the current iPhones and android phones in the system we don't get customers.</p>	<p>Amplifying. What they gave too us yes it was small. We can't really work with that type of money. So we went in for 6000GHS so it only supplied like two desktops and one laptop. So if I'm coming in for a loan it would not pay for much. So if you're going in for a loan of say 5000GHS it will frustrate you and limit you. This is why we have our relationships elsewhere, to allow us meet what our clients need on time and for a good price.</p>	<p>Venture-focused. What I'm doing right now is reading from the internet – what they do, how they do it. The laptops are the main thing but there is also the printers, and the phones. Then there is the networking.... Right now I am into networking [internet service provider]. So I have the idea for the networking and I'm now trying to see what I can do to do that job. Around the community over here I can set up a spot and configure a system. Also because of the robbery issues and those sorts of thing. So that wherever you are from say 5-6km away you will be able to get on my internet. So you would either call the number or buy the credit online and pay that way.</p>
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